



Verification Report for Post-Issuance Certification of the Green Bond issued by ABN AMRO

1 October 18

Scope

ABN AMRO commissioned ISS-oekom to compile a Verification Report for Post-Issuance Certification by the Climate Bond Initiative (CBI) of its Green Bond issued in 2018. The Climate Bond Certification process includes verifying whether the provisions of the Climate Bond Standard issued by the CBI are met and obtaining evidence to support the verification.

Criteria

Relevant CBI Standards for this Post-Issuance Climate Bond Certification:

- Climate Bond Standard (Climate Bond Standard Version 2.1; status 01/2017)
- Low Carbon Buildings – Residential Property
- Marine Renewable Energy Sector Eligibility Criteria (status 10/2017)

ABN AMRO's Responsibility

ABM AMRO's responsibility was to provide information and documentation on:

- Selection of nominated projects & assets
- Internal processes & controls
- (Proposed) reporting

ISS-oekom's Responsibility as a Verifier

ISS-oekom reviewed the information and documentation provided and developed by ABN AMRO to assess the Green Bond's alignment with the CBI requirements:

- Conformance with the selection of nominated projects & assets requirements
- Conformance with the internal processes & controls requirements
- Conformance with the reporting requirements

ISS-oekom's approach to assess whether the issuer meets the criteria of the CBI standard was as follows. The issuer provided an overview over the assets to be included in the Green Bond asset pool and the relevant processes regarding the proceeds (e.g. use of proceeds, management of proceeds) to ISS-oekom. Further, the issuer needed to fill in a questionnaire that covers all criteria of the Climate Bonds Standard 2.1. Additionally, the issuer had to provide background documents that elaborate further on the information mentioned in the questionnaire. With the help of this questionnaire and the background documents, ISS-oekom carried out a desk-based assessment of the CBI criteria. In case any answers were unclear, ISS-oekom contacted the issuer for more details and clarification.

Restriction on Distribution and Use of Report

This Verification Report for Post-Issuance Climate Bond Certification including all documentation provided alongside is intended for the use of ABN AMRO and the Climate Bond Standard Board. The present document may be published by ABN AMRO, CBI and ISS-oekom. CBI and ISS-oekom agree to publish the report with the consent of ABN AMRO.

Based on the limited assurance procedures conducted on ABN AMRO's Green Bond, ISS-oekom found no evidence for non-conformance with the Climate Bond Standard's post-issuance requirements.



Robert Haßler

ISS-oekom

Munich, 1 October 2018

Disclaimer

Copyright © 2018 Institutional Shareholder Services Inc. (“ISS”). This document and all of the information contained in it is the property of ISS and/or its subsidiaries. The Information may not be reproduced or disseminated in whole or in part without the prior written permission of ISS. While we exercise due care in compiling this document, we assume no liability with respect to the consequences of relying on this information for investment or other purposes. ISS makes no express or implied warranties or representations with respect to the information.

About ISS-oekom

Since March 2018, ISS-oekom has been a member of the ISS family, providing high quality solutions for sustainable and responsible investment and corporate governance. Originally founded in 1993 and formerly known as oekom research, the company is one of the world’s leading ESG research and rating agencies for sustainable investments with an unsurpassed rating methodology and quality recognition. ISS-oekom analyzes businesses and countries with respect to their environmental social and governance performance. As an experienced partner of institutional investors and financial service providers, we analyse the level of responsibility exercised by equity and bond issuers towards society and the environment. Under the new ownership, ISS-oekom completes the ESG research and RI services offerings of ISS, making it a worldwide pure-player in the area of RI Research & Solutions. ISS-oekom is headed by Robert Haßler, former CEO and co-founder of oekom-research. More information: www.oekom-research.com and www.issgovernance.com.

Contact

ISS-oekom, Goethestraße 28, 80336 Munich, Germany, tel: +49 89 54 41 84-90, e-mail: info@ISS-oekom.com

Annex

- Annex 1: Detailed Findings – Post-issuance Climate Bonds Standard
- Annex 2: Detailed Findings – Marine Renewable Energy Criteria
- Annex 3: Detailed Findings – Low Carbon Buildings

4. Nominated Projects and Assets

	Requirement	Factual Findings	Analysis against Requirements
4.1	Decision-making process to determine the continuing eligibility of nominated projects and assets	<p>The bond aims to contribute to the energy transition and development of the circular economy. ABN AMRO has adopted formal targets with regard to the financing of sustainable real estate, renewable energy and the circular economy. Green bonds attract dedicated funding for these strategic focus areas.</p> <p>On at least a quarterly basis, Global Treasury Support will review the Eligible Assets in line with the Eligibility Criteria described in the Green Bond Framework.</p> <p>For the categories Energy Efficiency and Renewable Energy, these Eligibility Criteria comply with the CBI sector criteria for: marine renewable energy and low carbon buildings. In case loans or investments are no longer eligible or have been repaid early, ABN AMRO will make an effort to replace these assets with other Eligible Assets.</p>	✓
4.2	Conformance with the Bond's documented objectives and requirements of Part B of the CBI Standard	All the full amount of the net proceeds is distributed to Eligible Assets (in categories which comply with the CBI sector criteria).	✓
4.3	No double nomination of projects and assets	The Management of Treasury department will approve allocations of bond proceeds to Eligible Assets on at least a quarterly basis. ABN AMRO has also engaged an external consultant to increase transparency.	✓

5. Use of Proceeds

	Requirement	Factual Findings	Analysis against Requirements
5.1	Allocation of net proceeds to nominated projects and assets.	<p>The full amount of the net proceeds is distributed to Offshore Wind farms and Green Buildings (private mortgages).</p> <p>This is published in ABN AMRO's quarterly communication regarding the allocation of proceeds, stating that 100% of the use of proceeds is allocated towards eligible assets.</p>	✓
5.2	Allocation of funds within 24 months of issuance of the bond	cf. 5.1	✓
5.3	Share of financing and refinancing.	98% of the net proceeds of the Green Bond were used to refinance existing assets and 2% were used to finance new assets.	✓
5.4	Tracking of proceeds	<p>On at least a quarterly basis the business lines, as owners of the assets, will make a selection based on the Eligibility Criteria as described in paragraph 2.1 of the ABN AMRO Green Bond Framework. After selection each business line will provide a pre-defined report to Global Treasury Support. Based on this, Treasury officers will review whether existing and new assets qualify as Eligible Assets. Management of Treasury will review and approve allocations of bond proceeds to Eligible Assets on at least a quarterly basis.</p> <p>The net proceeds of the outstanding bonds will be moved to a Green Bond portfolio. For as long as the Green Bonds are outstanding, ABN AMRO aims to allocate an amount equivalent to the net proceeds of the bonds towards Eligible Assets.</p>	✓
5.5	Net proceeds of the loan and investment to nominated assets	At the time of issuance, ABN AMRO seeks to ensure that the bond proceeds can be directed in full to the Eligible Assets by limiting the total issued amount of the bond proceeds to 80% of the Eligible Assets.	✓

6. Non-contamination of Proceeds

	Requirement	Factual Findings	Analysis against Requirements
6.1	Tracking of proceeds	As described in the ABN AMRO Green Bond Framework, the net proceeds of the outstanding bonds will be moved to a Green Bond portfolio. For as long as the Green Bonds are outstanding, ABN AMRO aims to allocate an amount equivalent to the net proceeds of the bonds towards Eligible Assets.	✓
6.2	Non-contamination of proceeds	<p>Unallocated proceeds will be invested in short term money market products from sovereigns, supranationals, agencies, development banks and financial institutions which are rated 'Prime' by ISS-oekom.</p> <p>Hereto, on at least a quarterly basis, Global Treasury Support will provide a proposal to the Management Team of Treasury for the distribution of an amount equivalent to these proceeds towards Eligible Assets or to be invested in short term money market products as explained above.</p>	✓
6.3	Cases of force majeure	In the event of force majeure ABN AMRO will conform with Clause 5.2	✓

7. Confidentiality

	Requirement	Factual Findings	Analysis against Requirements
7.1	Description of the projects	<p>Eligible Assets for the Green Bond are Green Building mortgage loans and offshore wind projects.</p> <p>The projects financed through the Green Bond comply with the Marine Renewable Energy Criteria and/or Low Carbon Buildings by the CBI.</p>	✓
7.2	Disclosure of information to the market	<p>Details on ABN AMRO's Green Bond (on a project category level) are available online: https://www.abnamro.com/nl/en/investor-relations/debt-investors/green-bonds/xs1422841202.html</p>	✓

8. Reporting

	Requirement	Factual Findings	Analysis against Requirements
8.1	Description of reporting	<p>Details on ABN AMRO's Green Bond are available within existing impact reports released for 2015 and 2016: https://www.abnamro.com/en/images/Documents/050_Investor_Relations/Debt_Investors/Unsecured_funding/Euro_Medium_Term_Notes/Green_Bonds/1642615/ABN_AMRO_Green_Bond_impact_reporting_2016.pdf</p> <p>In ABN AMRO's framework the impact indicators are described in Annex 2: https://www.abnamro.com/en/images/Documents/050_Investor_Relations/Debt_Investors/Unsecured_funding/Euro_Medium_Term_Notes/Green_Bonds/Green_Bond_Framework_4_April_2018.pdf</p>	✓

9. Climate Bond Taxonomy

	Requirement	Factual Findings	Analysis against Requirements
9.1	Matching of Climate Bond category	The projects financed through the Green Bond comply with the Marine Renewable Energy Criteria and/or Low Carbon Buildings by the CBI.	✓

10. Technical Criteria

	Requirement	Factual Findings	Analysis against Requirements
10.1	Sector-specific eligibility criteria	<p>For Low Carbon Buildings, ABN AMRO will only select mortgage loans to finance new Residential buildings, which comply with the Dutch Building Decree 2012 (Bouwbesluit 2012: Chapter 5 and NEN 7120) and for which the first drawdown has occurred after 1-1-2015. This complies with the sector criteria.</p> <p>For Marine Renewable Energy, the sector criteria are covered by additional Equator Principles assessments and assessment on the Issuer's internal Environmental & Social Standards. This is evidenced in the pre-issuance verification.</p>	✓
10.2	Bonds covering several sector-specific criteria	Not applicable	N/A

11. Project Holding

	Requirement	Factual Findings	Analysis against Requirements
11.1	Holding of assets with a fair market value at least of the original amount at time of issuance	<p>The value of selected assets is equal to the principal amount of the bond issuance:</p> <p>https://www.abnamro.com/en/images/Documents/050_Investor_Relations/Debt_Investors/Unsecured_funding/Euro_Medium_Term_Notes/1728708/ABN_AMRO_GB_03_XS1808739459_report_20180630.pdf</p> <p>As indicated in the Issuer's Green Bond Framework, on at least a quarterly basis, Global Treasury Support will review the reported Eligible Assets. In case loans or investments are no longer eligible or have been repaid early, ABN AMRO will make an effort to replace these assets with other Eligible Assets. If applicable, additional Nominated Projects & Assets will always meet the Eligibility Criteria.</p>	✓

12. Settlement Period

	Requirement	Factual Findings	Analysis against Requirements
12.1	Description of the process and timeline of distribution of proceeds	<p>The net proceeds of the outstanding bonds will be moved to a Green Bond portfolio. For as long as the Green Bonds are outstanding, ABN AMRO aims to allocate an amount equivalent to the net proceeds of the bonds towards Eligible Assets.</p> <p>To avoid contamination of proceeds, there is an explicit check and sign-off by the Management Team of Treasury for the distribution of an amount equivalent to the proceeds towards Eligible Assets or investments in short term Money Market products as indicated in the Green Bond Framework.</p>	✓

12.2.	Description of process regarding unallocated proceeds after 24 months	Unallocated proceeds will be invested in short term Money Market products from sovereigns, supranationals, agencies, development banks and financial institutions which are rated 'Prime' by ISS-oekom.	✓
-------	---	---	---

13. Earmarking

	Requirement	Factual Findings	Analysis against Requirements
13.1	Description of internal earmarking process	<p>ABN AMRO has established an earmarking process to manage and account for funding to the nominated assets:</p> <p>On at least a quarterly basis the business lines, as owners of the assets, will make a selection based on the Eligibility Criteria as described in paragraph 2.1 of the ABN AMRO Green Bond Framework. After selection, each business line will provide a pre-defined report to Global Treasury Support.</p> <p>Based on the information provided by the business lines, Treasury officers will review whether existing and new assets qualify as Eligible Assets.</p> <p>Management of Treasury will review and approve allocations of bond proceeds to Eligible Assets on at least a quarterly basis.</p> <p>The net proceeds of the outstanding green bonds will be moved to a Green Bond portfolio. For as long as the Green Bonds are outstanding, ABN AMRO aims to allocate an amount equivalent to the net proceeds of the bonds towards Eligible Assets.</p>	✓

Annex 2: Detailed findings Marine Renewable Energy Standard

1. Disclosure Component

Requirement	Disclosure evidence (Information publicly available)	Fulfils the requirements	Comment
Project location and size, including description of marine coastal ecosystem in proximity to planned installations, noting for example whether located in marine protected areas or vulnerable marine ecosystems.	<p>Project 1: Netherlands North Sea, 150 turbines.</p> <p>Project 2: Germany North Sea, 80 turbines.</p> <p>Project 3: Germany North Sea, 54 turbines.</p> <p>Project 4: Germany North Sea, 31 turbines.</p>	✓	
Projected lifespan of the asset/project.	<p>Project 1: Lifespan of 20 years.</p> <p>Project 3: Lifespan of 25 years.</p>	✓	For other projects information is not publicly available at this stage.
Key stakeholders involved, including other users of the area and surrounding area (sea, land or air depending on what is applicable) of the facility (ies).	Project 1: Key stakeholders disclosed on the project's investor presentation.	X	For some projects, information is not publicly available at this stage.
Description of the project activities including details on installation, operation and decommissioning activities.	<p>Project 1: Description of the project activities is available on the project's website.</p> <p>Project 2: Description of the project activities is available on the project's website.</p> <p>Project 3: Information on wind turbine design, operation and maintenance is available on the project website.</p> <p>Project 4: Information on wind turbine design, operation and maintenance is available on project investor presentation.</p>	✓	

<p>Expected/current facility capacity and generation during and after the life of the bond.</p>	<p>Project 1: 600 MW current capacity Project 2: 288 MW current capacity Project 3: 332.1 MW current capacity Project 4: 252 MW expected capacity</p>	<p>✓</p>	
<p>Details of where the energy generated is being fed into, and estimated impact of the grid mix.</p>	<p>Project 1: Grid connection at Oude Schip Project 2: Grid connection at SylWin alpha Project 3: Grid connection at Dolwind Beta Project 4: Grid connection at BorWin 2</p>	<p>✓</p>	<p>Other information not publicly available at this stage.</p>
<p>Projected avoided GHG emissions compared to fossil fuel counterfactual (in kgCO₂e) using recognised conversion factors.</p>	<p>Project 1: Reduction of CO₂-emissions by 1.25 million p.a. Project 3: Save over 1 million tons of CO₂ compared to conventional coal fired plant.</p>	<p>✓</p>	<p>For other projects information is not publicly available at this stage.</p>
<p>The planning standards, environmental regulations and other regulations that the project has been required to comply with.</p>	<p>Project 1: EIA is available on Commissie voor de milieueffectrapportage's website. Project 2: Environmental permit is available on the Bundesamt für Seeschifffahrt und Hydrographie (BSH) website. Project 3: Environmental permit is available on the BSH website. Project 4: Environmental permit is available on the BSH website.</p>	<p>✓</p>	

1. Mitigation Component

The issuer's Green Bond Asset Pool is in line with the Mitigation Component of the Climate Bonds Initiative as it is entirely dedicated to renewable energy.

2. Adaptation & Resilience Requirements

	Requirement	Factual Findings	Analysis against Requirements
1	Processes are in place to assess key risks to the assets from a changing climate and its impact on marine conditions.	Four projects, accounting for 100% of the Asset Pool, include wind and ocean studies determining risks involved.	✓
2	Processes are in place to assess improvements and impacts the assets have on the resilience of other stakeholders.	Impacts on the resilience of stakeholders are subject to existing regulatory requirements (Environmental Permits and EIAs) covered by national law (Germany and Netherlands) for four projects, accounting for 100% of the Asset Pool.	✓
3	An adaptation plan has been designed and is being implemented to address the risks identified in assessments outlined above.	For four projects, accounting for 100% of the asset pool, monitoring, implementation, prevention, and response measures are in place to address identified risks.	✓
3.1	Inspections are carried out regularly and there is a maintenance regime for future inspection.	For four projects, accounting for 100% of the Asset Pool, maintenance is provided by a specialised O&M Contractor.	✓

	Requirement	Factual Findings	Analysis against Requirements
4	Involvement in stakeholder engagement and collaboration	Four projects, accounting for 100% of the Asset Pool, have carried out close collaborations with stakeholders in order to promote resilience and adaptation.	✓
5	The assets do not put at risk or endangered species or habitats or unduly impact ecosystem services. If so, mitigation measures have been implemented.	Four projects, accounting for 100% of the Asset Pool, have avifauna monitoring plans and other mitigation measures in place to minimise impact on endangered species and the ecosystem, or are subject to existing regulatory requirements (Environmental Permits and EIAs) covered by national law (Germany and Netherlands).	✓
5.1	Waste is responsibly dealt with. Recycling is in place where possible.	Four projects, accounting for 100% of the Asset Pool, include waste disposal measures, or are subject to regulatory requirements (Environmental Permits and EIAs) covered by national law (Germany and Netherlands).	✓
5.2	Potential risks for accidental site contamination have been recognised. Steps have been taken to minimise these risks.	Four projects, accounting for 100% of the Asset Pool, include measures to minimise risks for accidental site contamination, or are subject to regulatory requirements (Environmental Permits and EIAs) covered by national law (Germany and Netherlands).	✓
5.3	Decommissioning of the plant is planned in a way that considers the environmental impacts.	Four projects, accounting for 100% of the Asset Pool, include measures for responsible decommissioning.	✓
5.4	Plans and processes are in place to effectively manage and minimise conflicts with other users of the marine and coastal space.	Four projects, accounting for 100% of the Asset Pool, include measures to minimise navigational risks to maritime traffic and aviation.	✓

Annex 3: Detailed findings Residential Properties

- ✓ **The Green Bond Asset Pool complies with the Low Carbon Buildings criteria of the Climate Bonds Initiative.**

Being built after the Dutch Building Decree 2012 (Bouwbesluit 2012) they are automatically eligible for the Climate Bonds Initiative and are part of the top 15% energy efficient buildings of the Dutch market.